

Dealing with Latin America's tragic normalcy

By Moises Naim

Published: January 12 2004 21:13 | Last Updated: January 12 2004 21:13

It seems neither realistic nor fashionable these days to expect summits of heads of state to yield concrete results. Thus, few expect important consequences from the current summit of western hemisphere leaders in Monterrey, Mexico. In this sense, the meeting has been a normal presidential summit. Unfortunately for Latin America, this normalcy is tragic.

Last year, for example, was normal: meagre growth, high instability, widespread poverty and nasty politics. The region's economies grew 1.5 per cent on average while the population rose 2.5 per cent, thus ensuring that 227m who live below the poverty line, or 44 per cent of the population, remain there.

It was also another year that highlighted the region's rollercoaster nature. After its catastrophic economic crash, Argentina recovered dramatically and its stock market posted the world's highest returns. Meanwhile, the Dominican Republic, Latin America's top performer since 1996, crashed. The region's exports soared by 8 per cent; but they had plummeted by 12 per cent in the previous two years. These regular booms and busts feed the political tribulations that are part of Latin America's "normalcy".

Bolivia is an extreme case that illustrates this awful combination of social conflict, mediocre economics and ugly politics. A reformist, democratically-elected president was ousted by street protests led by historically disenfranchised indigenous groups and by coca growers forced by the US war on drugs to stop cultivating their ancestral crop. These groups have acquired unprecedented political clout thanks to widespread popular frustration with reforms of the 1990s, the disrepute of traditional political parties and the globalisation that smoothly connects them with allies elsewhere. Different elements of Bolivia's predicament are found throughout Latin America. Bolivia's *cocaleros*, Brazil's *sin terras* (landless movement), Mexico's Zapatistas, Venezuela's Bolivarians and other such groups are quickly becoming the closest Latin America has had to a multinational political movement in a long time. But the instability is not just fed by political newcomers; old fashioned political conflict also continues to block reforms and fuel unrest. In Mexico, for example, a combination of poor economics, swelling political discontent and a weak president is thwarting progress.

The presence of President George W. Bush at the Monterrey summit was an attempt to signal Washington's renewed interest in the region. But the reality is that Latin America, usually seen as the US backyard, has become Atlantis, the lost continent.

But not everything is normal in Latin America. Two new trends have taken hold in the region's economic and political landscape. The first is that while the region was invisible in Washington, Latin Americans became more visible than ever in the US. Latinos are now the country's largest minority. As their numbers continue to swell, so will their political muscle.

Mr Bush's proposed immigration policy reforms are an acknowledgment that Latino voters have acquired

<http://financialtimes.printthis.clickability.com/pt/cpt?action=cpt&title=Dealing+with+Latin...> 1/12/2004

some clout. Already, remittances from the US to Latin America exceed total foreign investment flows to the region. The Hispanic caucus in US Congress is bound to become more influential than the Black Caucus. While this alone will not make Latin America a US foreign policy priority, it will surely make it harder to neglect it.

The second trend is China's impact on Latin America's economies. While the region's exporters of manufactured goods are discovering they cannot compete against China, for exporters of raw materials and agricultural products, China has become a top client. Mexico and many Central American and Caribbean countries are seeing their *maquiladoras*, export processing industries, ravaged by competition from cheaper Chinese products.

In the region's southern cone, companies are benefiting from Chinese demand. Vale do Rio Doce, Brazil's largest iron ore producer, recently signed a 10-year supply contract with Shanghai Baosteel Group; Argentina's livestock and soybean producers see China as their main source of future growth; and China is now Chile's third-largest trading partner.


These two trends will not substantially change the region's legendary malignancies: inequality and poverty, dysfunctional politics and malfunctioning institutions. But they will become factors that cannot be ignored in the rethinking that Latin America desperately needs.

The writer is editor of Foreign Policy magazine

Related stories

['A great salesman but no leader'](#) Jan 12 2004 21:01 

[John Gapper: Innovation in the air](#) Jan 12 2004 20:32 

[The policy myopia that will damage America](#) Jan 12 2004 20:36 

 = requires [subscription](#) to FT.com

Find this article at:

<http://news.ft.com/s01/servlet/ContentServer?pagename=FT.com/StoryFT/FullStory&c=StoryFT&cid=1073280967336&p=1012571727126>

☐ Check the box to include the list of links referenced in the article.

